



| The Missouri Trade Initiative

Helping small businesses
succeed in the global marketplace



When you're going global, who wants to go it alone?

The Missouri Trade Initiative brings together private sector and U.S. government representatives and resources to provide a unified framework for exporting to international markets. Missouri is one of the first locations that will benefit from this powerful collaborative program.

Participate in the program and you can expect to:

- Grow your business profitably.
- Expand into international markets.
- Find new buyers for your products.
- Increase your margins.



The Missouri Trade Initiative is a free service offered by a collaboration of public and private entities. The collaborating entities of the Missouri Trade Initiative expressly disclaim all warranties, express and implied, for any service provided under this program. No business results are guaranteed under this program and companies participate in the program at their own risk.

This special program is designed just for businesses like yours.

If you’re already exporting products, you know better than anyone else, it’s a little more complicated than doing business around the corner. And it can take a bit more effort to be successful. But the Missouri Trade Initiative simplifies the process. We’ll help you:

- Prepare your company for expansion into new global markets.
- Pinpoint your current location on the roadmap to international expansion.
- Identify a single point of contact for coordination of trade resources available to you.
- Uncover ideal market expansion possibilities for your products and services.
- Design a successful expansion strategy and business plan.
- Discover opportunities to improve productivity and competitiveness.
- Advise on intellectual property protection.
- Develop effective marketing, logistics and shipping solutions.
- Pursue smart financial options – including payment choices, risk mitigation, transaction financing, loans, loan guarantees and credit and investment insurance.

We’re on your side. And we’re here to help.

We’ll also help provide you with access to appropriate in-country support and resources by arranging the industry, trade organization and government support needed in your new market.

You’ve already taken the first step.

You’ve been invited to participate and you’ve carved out the time to get the conversation rolling. Under the direction of a project manager assigned specifically to you and your company, the talents and services of each of the agencies and companies participating in the program will be engaged as needed to help you become successful in international expansion.

Next, key representatives from our team will schedule a two-hour strategy session with you and your team – a collaborative discussion designed to identify your current expansion readiness, needs and next steps. Following that meeting, when we regroup, you’ll have strategic advice and an assigned project manager to guide you on the road to profitable growth in international markets.

At any point on the road ahead, you can contact FedEx for global trade support by phone at 1.314.770.3607, or via e-mail at acmoehlenpah@fedex.com. Simply provide your name, company name, phone number (beginning with the area code) and e-mail address. You’ll receive a reply within one business day.

TABLE OF CONTENTS

| | |
|---------------------------------------|----|
| The Business of Exporting | 3 |
| The Path to Success | 5 |
| Step 1: Identify Global Possibilities | 7 |
| Step 2: Plan Your Introduction | 9 |
| Step 3: Prepare for Expansion | 11 |
| Step 4: Wrap Up the Details | 13 |
| Support at Every Step | 15 |
| Appendix | 17 |

It's good for our state and our country, but is it right for your business?

Do you realize that even if you've never sold a single product overseas, you're already competing internationally? In a world of 6 billion people, with the advent of next-day freight delivery and 24-hour global communication networks, the line between domestic and international markets is becoming fuzzy. Foreign-owned companies are currently competing for market share in your own backyard. Why should you limit your company's sales to the local or even the national market?

Exporting is one of the most important business decisions you'll make, but it also has implications that extend to our national economy. In essence, increased exports signal business growth, and business growth results in increased profits for U.S. companies – which ultimately lead to job creation for U.S. workers.

Exporting is big business for our country. According to the www.export.gov Web site, international trade accounts for more than one-quarter of U.S. gross domestic product. And international trade supports more than 12 million U.S. jobs, including 1 in 5 manufacturing positions.

Exporting is big business for our state. According to information prepared by the Office of Trade and Industry Information, International Trade Administration, U.S. Department of Commerce, exporting is a significant portion of the Missouri economy.

- Export-supported jobs linked to manufacturing account for more than one-sixth (17.2 percent) of all manufacturing workers in Missouri. An estimated 4.7 percent of Missouri's total private-sector employment depends on exports for their jobs.
- A total of 4,527 companies exported goods from Missouri locations in 2007. Of those, 3,844 (85 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.
- SMEs generated over one-quarter (26 percent) of Missouri's total exports of merchandise in 2007.

State Export Data from: Foreign Trade Division, U.S. Census Bureau
State GDP Data from: Bureau of Economic Analysis

- Missouri companies exported \$12.8 billion of goods and services in 2008.
- The state's largest market in 2008, by far, was Canada, which received exports of \$4.3 billion, or 34 percent of the 2008 total. Canada was followed by Mexico (\$1.3 billion, 10 percent of total), South Korea (\$1.0 billion, 8 percent), China (\$944 million, 7 percent), and Japan (\$696 million, 5 percent).
- Missouri exports were approximately 5.4 percent of state GDP in 2008.

Top 10 Industries for Missouri Exports in 2008 (billions):

| Rank | Item | 2008 Exports | 2008 Share of Total | YOY% Chg 2007-2008 |
|------|--|--------------|---------------------|--------------------|
| 1 | Vehicles | \$2.2 | 17% | -32% |
| 2 | Misc. Machinery | 1.4 | 11% | 12% |
| 3 | Aircraft, Spacecraft | 1.2 | 9% | -12% |
| 4 | Organic Chemicals | 0.9 | 7% | 24% |
| 5 | Electrical Machinery | 0.9 | 7% | 72% |
| 6 | Cereals | 0.5 | 4% | 49% |
| 7 | Misc. Chemical Products | 0.4 | 3% | -37% |
| 8 | Plastic | 0.4 | 3% | 74% |
| 9 | Mineral Fuel, Oil Etc | 0.4 | 3% | 100% |
| 10 | Medical, Surgical or Optical Instruments | 0.3 | 3% | 104% |

Top 10 Export Markets for Missouri in 2007 (billions):

| Partner | 2008 Exports | 2008 Share of Total | YOY% Chg 2007-2008 |
|----------------|--------------|---------------------|--------------------|
| Canada | \$4.3 | 34% | -14% |
| Mexico | \$1.3 | 10% | -2% |
| South Korea | \$1.0 | 8% | -20% |
| China | \$0.9 | 7% | -7% |
| Japan | \$0.7 | 5% | 6% |
| Germany | \$0.4 | 3% | 24% |
| United Kingdom | \$0.4 | 3% | 6% |
| Belgium | \$0.3 | 3% | -21% |
| Netherlands | \$0.3 | 2% | 92% |
| Brazil | \$0.3 | 2% | 15% |

- Missouri's NAFTA trading partners (i.e. Canada and Mexico) imported 44 percent of the state's exports, totaling \$5.66 billion in 2008.
- Transportation Equipment is the largest export industry for Missouri at \$3.5 billion in 2008; this is followed by Chemical Manufactures, Machinery Manufactures, and Processed Foods.

Exporting is beneficial for business.

Here's what exporting can do for your company:

- Extend the sales potential of existing products.
- Sell excess production capacity.
- Gain global market share.
- Gain information about foreign competition.
- Diversify your market reach through expansion.
- Increase sales and profits.

Now that you've confirmed your interest and decision to explore exporting further, let's take a look at the steps to expanding into international markets.

Metro area export data for St. Louis from Office of Trade and Industry Information, International Trade Administration, U.S. Department of Commerce:

St. Louis Metro Area Exports by Industry:

| NAICS - Description | Export Value 2006 | Export Value 2007 |
|------------------------------------|------------------------|-------------------------|
| 325 - Chemicals | \$1,719,874,203 | \$2,052,380,132 |
| 336 - Transportation Equipment | 2,221,822,206 | 1,812,455,552 |
| 111 - Crop Production | 876,051,661 | 1,477,643,926 |
| 311 - Food And Kindred Products | 620,035,240 | 702,103,160 |
| 333 - Machinery, Except Electrical | 649,133,915 | 658,438,403 |
| RES - All Others (Residual) | 3,525,055,732 | 3,778,336,922 |
| TOTAL | \$9,611,972,957 | \$10,481,358,095 |

(D) = Data withheld to avoid disclosing figures for individual companies. Since \$ values of (D) are unknown, tables containing (D) are not ranked by value.

(NA) = NAICS code is not in the top 5 categories for that year.

Source: Bureau of the Census, U.S. Department of Commerce.

Prepared by the Office of Trade and Industry Information, International Trade Administration, U.S. Department of Commerce.

St. Louis Metro Area Exports by Country:

| Country | Export Value 2006 | Export Value 2007 |
|-------------|----------------------|----------------------|
| Canada | \$1,944,547,555 | \$2,062,440,106 |
| Mexico | 1,187,596,238 | 1,210,468,694 |
| China | 884,611,290 | 1,238,727,043 |
| South Korea | (D) | 1,354,244,661 |
| Belgium | 643,824,352 | 626,298,820 |
| Residual | (D) | \$3,989,178,771 |

(D) = Data withheld to avoid disclosing figures for individual companies. Since \$ values of (D) are unknown, tables containing (D) are not ranked by value.

(NA) = NAICS code is not in the top 5 categories for that year.

Source: Bureau of the Census, U.S. Department of Commerce.

Prepared by the Office of Trade and Industry Information, International Trade Administration, U.S. Department of Commerce.

Top 10 Access Index™ Opportunities

A landmark study commissioned by FedEx and conducted by SRI International ranked countries based on their level of access to goods, services and information.

Applying the world's first econometric ranking of 75 countries according to their level of access, the study lays out the positive impacts of increased access on people, businesses and nations. It provides a diagnostic perspective that can be used to inform business decision making. To learn more, go to access.fedex.com and click on The Power of Access.

SOURCE: SRI International Access Index Study

Are You Competing in These Markets?

When you consider that access often equates with opportunity, these Top 10 Access Index trade markets represent ideal targets for business development and economic growth.



On the road to successful global expansion, where does your business stand?

This guide introduces you to a proven process for expanding your market overseas. If you're contemplating international trade for the first time, you'll benefit from everything the Missouri Trade Initiative has to offer – from day one, beginning with step one.

If you've already entered the international marketplace, you can step in wherever this trade program will help to make your current efforts more successful. The Missouri Trade Initiative is designed to help wherever you are on the road to global expansion and it enables you to fast track your way to the resources that meet your specific needs. There's no required starting point.

As you work through the process, we recommend that you approach it in the same way you would your domestic operations. Follow sound business fundamentals. Assess your present business goals and market position, and develop an international marketing plan that complements your existing strategies.

Here you'll find a simple overview of the steps that lie ahead. In the sections that follow, we'll take a closer look at the activities you'll undertake and tasks you'll complete each step of the way.

1

Identify global possibilities

- Identify marketable exports.
- Determine capacity requirements.
- Assess financial stability.
- Assess training needs and verify resources.
- Conduct country-specific market research.
- Consider foreign and U.S. trade and tax laws, permits and property rights.

2

Plan your introduction

- Lay the groundwork for implementation.
- Develop an international business plan.
- Plan marketing and distribution strategies.
- Scan foreign prescreened markets and opportunities.
- Identify specific firms for business collaboration.
- Identify qualified buyers.
- Follow up on leads – events, shows, trade missions.
- Schedule visits with qualified buyers.
- Work toward a mutually beneficial transaction.
- Work toward a financially beneficial transaction.



3

Prepare for expansion

- Explore licensing, permits, customs, tariff rates, tax laws and quotas.
- Determine packaging, labeling and marking requirements.
- Identify specific standards for your products or services.
- Explore export sales contracts and agreements.
- Protect intellectual property rights.
- Develop a logistics and shipping plan.
- Familiarize yourself with required export documentation.
- Familiarize yourself with required financial export documentation.
- Identify packing, labeling and reporting requirements.
- Factor in shipping costs, inspection fees, insurance, duties and taxes.
- Explore the pro forma invoice and price quotation.

4

Wrap up the details

- Weigh payment options and risk mitigation.
- Assess banking options for transaction financing.
- Investigate other financial services.

Your business is strong and products are in demand — will that translate to other markets?

At its core, the Missouri Trade Initiative is designed to help you evaluate your products, services and business capabilities and capacity for international expansion. It's the first step on the road to growing your business in the global marketplace. It will also give you an even better understanding of your business strengths and weaknesses at home.

Your project manager will assign key trade representatives to help whenever you may benefit from expert assistance. You'll find descriptions and contact information for each resource beginning on page 15.

Identify marketable exports. You'll start by determining the products in your portfolio that have viable potential for successful sales internationally. In collaboration with the trade alliance team, you'll take the first and probably most important step in identifying export readiness.

Key trade resource: MEP, WTC, USEAC.

Determine capacity requirements. Once you've identified an exportable product or service, you'll go a step further. We'll help you identify your company's capacity to boost production, fill orders and satisfy international demand. To be a successful exporter, you must have the appropriate resources and staff expertise in place to support expansion. Our trade alliance team will help you gauge your company's capacity for growth globally.

Key trade resource: MEP.

Assess financial stability. We'll help you evaluate the future demand for your products and your company's ability to maintain a reasonable return on investment. Many factors should weigh into a decision to export products — including the reliability of future revenue streams, capacity to absorb additional costs associated with international transactions, and likely success in maintaining a margin of safety when entering new markets. With the help of the alliance team, you'll explore those issues.

Key trade resource: MEP, SBA, Ex-Im, MODED.

Assess training needs. Your success overseas depends on staff expertise, organizational commitment and an understanding of the unique requirements for selling in international markets. Your staff must understand how your products will be embraced by international consumers and how to effectively position your products in that marketplace. Additionally, your logistics personnel must be proficient in the customs regulations and export documentation required by destination countries. We can help you assess your export potential and organizational readiness and, if necessary, identify education and training opportunities to help bring your staff up to speed.

Key trade resource: MEP, WTC.

Conduct country-specific market research. The Missouri Trade Initiative paves the way for access to research that will help you determine which markets are looking for products like yours to fill a need — according to price, value to the consumer and demand in the country. At this stage, you'll also want to learn how competitive your industry is in global markets and what your industry's growth potential is in international markets.

Key trade resource: USCS, WTC.

Consider foreign and U.S. trade and tax laws, permits and property rights. As you evaluate markets for your exports, regulatory issues will likely factor into your decision. A high-level understanding of the clearance requirements is critical — from licensing, permits and intellectual property rights to tax laws, customs tariff rates and quotas. Thanks to U.S. agencies and foreign consulates and embassies, you'll find a wealth of information is available to help — and we'll point you in the right direction.

Key trade resource: USCS, AT.

You've identified promising international prospects — now how do you meet them?

This can be one of the most daunting steps on your journey to exportation of products. But it doesn't have to be. The Missouri Trade Initiative offers orchestrated, coordinated exposure to consultative services that put you in touch with buyers. Your trade alliance team can help you find potential overseas agents, distributors, sales representatives and business partners. Even better, the team can help you reduce the time and money you invest in locating and screening prospective trade partners.

Many foreign markets can differ greatly from the U.S., and although you can meet with prospective buyers via teleconference, it often makes sense to conduct business in person before concluding a transaction. And in some cases, in-person visits are required. Commercial and economic officers in U.S. embassies and consulates abroad can be a great help.

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Lay the groundwork for implementation. This is the strategic step that will enable preparation for your specific company's expansion plan. By knowing where you are going, you can begin establishing the foundation for how you'll get there. The market knowledge you gain in this step will guide your strategic planning decisions and goal-setting processes, plus it will help you develop the groundwork for your international expansion implementation plan.

Key trade resource: MODED

Develop an international business plan. It's never too early to start planning. At this point, you'll want to begin considering your international pricing structure, your market entry points and an action plan for implementation. And luckily, you can enlist the expertise of many international trade agencies to help.

Take into consideration legal obstacles and opportunities early in your planning stages before engaging foreign sales agents, opening branch offices, or signing any international sales contracts. Identify the risks and costs associated with any legal hurdles that may hinder your transaction.

Key trade resource: USCS, MEP, MODED

Plan marketing and distribution strategies. It's easier to establish plans to sell and deliver your products when you know how the locals do it. As you establish your marketing and distribution plan for international sales, you'll want to investigate the trade activity and competition within your target market. You'll also want to know and understand how goods and services similar to your own move in and through the market. Knowledge is key to planning effective strategies, and your trade alliance team can help.

Key trade resource: USCS, FDX, MODED

Scan foreign prescreened markets and opportunities. Tap into a research library where you can scan more than 100,000 industry and country-specific market reports, authored by specialists working in those importing countries. This program is powered by government agencies with resources worldwide in embassies and consulates that help identify promising leads for small businesses. Search the trade leads database filled with prescreened, time-sensitive leads and sign up for notification when new leads are posted.

Key trade resource: USCS, MODED, WTC

Identify specific firms for business collaboration. Spend your time doing what you do best — managing your company. The trade alliance team can arrange customized briefings with trade specialists, appointments with prospective trade partners, post-meeting debriefings, assistance in developing follow-up strategies, and more. It's all designed to help you identify specific firms for mutually beneficial business collaboration — and to accelerate your expansion into international markets because you'll have trade specialists to help during the important steps that follow.

Key trade resource: USCS, MODED, WTC

Identify qualified buyers. Diligence is key to your success or failure in international markets, and the selection of smart alliances cannot be overemphasized. You'll find this step to be one of the key advantages of the Missouri Trade Initiative.

Key trade resource: USCS, MODED, WTC

Follow up on leads — events, shows, trade missions.

Marketing and advertising your product and following up on trade leads are great ways to cultivate new business. By increasing the exposure of your products and services, the probability of finding potential foreign buyers increases exponentially. The Missouri Trade Initiative can help you reach out to prospective strategic allies through trade shows, events and orchestrated missions into your chosen markets.

Key trade resource: USCS, MODED, WTC



Schedule visits with qualified buyers. Participating agencies will assist with scheduling appointments, planning transportation, booking interpreters and arranging meetings with qualified, prescreened buyers. You'll have access to investigative reports that typically profile the buying firm's facilities, featuring interviews with its principals and statements of the company's financials, credentials and other relevant information.

Key trade resource: USCS, MODED.

Work toward a mutually beneficial transaction. Let's face it, negotiating is a complex process with a business around the corner or even across the country, but the potential misunderstandings that stem from international cultural differences often make transactions even more difficult. The degree of importance placed on developing business relationships vary greatly from country to country. Some foreign businesspeople have a very direct style, while others place great emphasis on developing a personal relationship before doing business. You'll need a working knowledge of management attitudes and business methods before you meet with prospects in other countries, and the Missouri Trade Initiative provides the support you need in that area.

Lack of familiarity with the importing country's business practices, customs and etiquette can weaken your company's position in the market. It can prevent you from accomplishing your objectives and ultimately lead to failure. But our trade alliance team is prepared to help you be successful. Proper research, training, and in-country support will help to lay the groundwork for proper introductions and mutually beneficial business ventures overseas.

Key trade resource: USCS, FDX.

Work toward a financially beneficial transaction. Terms of sale, method of payment, movement and method of transport, insurance costs, can affect your contract price. Knowing the projected costs of various options, and communicating them clearly is critical to your negotiation. Changes in these factors impact your profit, it's vital to determine what costs should be passed on to the buyer. It's all about creating a win-win situation for you and your client.

Key trade resource: Ex-Im, SBA.

You're ready to go global — what must you do to prepare for entry into the marketplace?

Regulatory and clearance requirements can be one of the biggest challenges of exporting. When it comes to legal issues, it's also prudent to take strides to protect your business and your products. But the Missouri Trade Initiative give you exposure to a wealth of experts and resources that can help you obtain swift and efficient regulatory compliance and legal support.

Once you know you can legally sell your products in another country, it's time to focus on profitable pricing and distribution. And, again, the Missouri Trade Initiative can help.

To competitively price your products for a foreign market, you must consider many factors. Keep in mind the balance between profitability and competitiveness as it relates to each market you're entering. Proper pricing, complete and accurate quotations and an intelligent choice of terms for the sale are all crucial to selling products in international markets.

Getting goods to market overseas in a safe and timely fashion is an important consideration when it comes to U.S. exports. Clearly you want a logistics and service provider that fits your needs. But how do you find one?

Your project manager will assign key trade representatives to help whenever you may benefit from expert assistance. You'll find descriptions and contact information for each resource beginning on page 15.

Explore licensing, permits, customs, tariff rates, tax laws and quotas. In this step, you'll identify and address the regulatory issues involved with exportation of your products. Understanding those requirements is vital to ensuring that your products get to their final destination without incident and incrementally or avoidable charges.

Perhaps more important, in this step you'll begin to factor regulatory requirements into the pricing strategy for selling your products overseas. Careful consideration must be given when determining appropriate pricing because regulatory issues affect the profitability of your yields. Although the importer typically pays tariff and tax charges, the costs will influence how much the buyer is willing to pay for your products. In general, you'll want to consider foreign tariffs, taxes, licensing, permits and port handling fees when determining your product's final cost.

Some items, although seemingly innocuous, may have potential military applications therefore, special export licenses may be required.

Where title transfers on goods exported may constitute doing business in a foreign tax jurisdiction and subject an exporter to tax liability. It is advisable to consult with an attorney with international experience as it may be significant to whether a company is doing business in a certain country and therefore subject to taxation.

Key trade resource: USCS, MODED, FDX, WTC.

Determine packaging, labeling and marking requirements.

Adhering to the appropriate standards for packaging, labeling and marking will certainly make it easier to do business overseas. Due diligence is key to understanding these requirements. You'll likely find the handling and shipping of export products is similar to that of domestic orders — with the exception of the additional paperwork and export markings required for clearance into other countries.

Key trade resource: FDX, MODED, USCS.

Identify specific standards for your products or services.

It's important to be aware of the regulations, standards and certification requirements imposed by both the U.S. and foreign governments as they relate to your specific products. Obtaining the information can oftentimes be time-consuming and difficult, but the trade alliance team will be a valuable resource in this area.

Key trade resource: MEP, USCS.

Explore export sales contracts and agreements. Any company that embraces exporting must develop a formal sales contract with its foreign buyer. You'll probably find that working through a contract often helps you and your buyer explore all aspects of the business relationship and ward off surprises or unreasonable expectations. In this step, you may consider background checks on the foreign company and contract consultation and review by a lawyer and agency representatives who are well-versed in international representation agreements.

When doing business with a foreign client, it is most important to develop various agreements that you feel comfortable with that will protect your interests. You will want to agree in advance on a number of items such as: 1) what exactly is included in the sales price; 2) how you will get paid and in what currency; 3) where does title and risk transfer in shipment, and who is paying for which costs, including any insurance; 4) which warranties apply to sales of goods overseas; and 5) in which jurisdiction will any conflicts be resolved and under what laws; amongst various other legal concerns. You'll probably find that working through sales, agency and distribution contracts often helps you and your buyer explore all aspects of the business relationship and costing models and is instrumental in warding off surprises or

unreasonable expectations. In this step, the assistance of a local U.S. based attorney with experience and training in international law is invaluable. The attorney can assist best by including him in discussions of the proposed transactions from the beginning. In addition to identifying the correct contracts you may need from the outset, he can spot and address issues early on and provide you with information to focus on when negotiating, so that the drafting and editing of contracts is more efficient and cost effective. When necessary, he can associate foreign legal counsel in multiple jurisdictions as needed to address those matters where foreign law may control, all the while keeping your agreements consistent with your business strategies and manageable over all.

Key trade resource: MODED, AT.

Protect intellectual property rights. One of the most talked-about legal concerns is protecting your intellectual property rights overseas. Of course, it is imperative that you protect the trademarks and patents on your products in the U.S. and in foreign countries where you choose to export. Many experts can provide assistance in this area, but for questions regarding specific requirements, it is best to seek appropriate legal representation.

When you begin using your products in a foreign country, you may 'start the clock' on time limits to register your patents, trademarks and copy rights in that country to protect your usage. It is advisable to speak with legal counsel prior to foreign usage. Additionally, when registering patents in the U.S., one is given a limited amount of time by international treaty to register such patents overseas in order to receive the same protections.

Key trade resource: USCS, AT.

Develop a logistics and shipping plan. Should you ship by sea, air, rail, or a combination? There are many factors to consider when selecting a method of shipping and handling for international distribution. As you develop your logistics and shipping plan, you may want to consult with a freight forwarder and a traditional shipping provider like FedEx so that your products reach their international destinations reliably and cost-effectively.

Key trade resource: FDX.

Familiarize yourself with required export documentation. Often documentation is required by both the U.S. and the country of destination. And because requirements vary widely based on destination country and product type, exporters like you often rely on freight forwarders and international shipping leaders like FedEx to help sort out the documentation.

Key trade resource: FDX, MODED, USCS, WTC.

Familiarize yourself with required financial export documentation. Preparing and gathering the documentation for an international transaction is a learning curve for most but once you get to know your markets you'll be a pro. The preparation of International purchase orders, invoices, export licenses, certificates of origin, Bills of Lading, and documents that may be required for both foreign and domestic customs are all hurdles that can be managed. Under a letter of credit sale you can use them to assure payment. Knowing which documents to prepare and how to prepare them needn't be burdensome. Having trusted advisors that know the ins and outs of document preparation, and international payment risk is to your advantage.

Key trade resource: FDX, MODED, USEAC, WTC.

Identify packing, labeling and reporting requirements.

When you're shipping products overseas, as the exporter you must be aware of packing, labeling, documentation and insurance requirements. You – or your shipping resource – must be careful to pack the merchandise correctly so that it arrives in good condition. Your shipments must be labeled correctly so that the goods are handled properly and arrive on time at the right place. Shipments must be documented correctly to meet U.S. and foreign government requirements, as well as proper collection standards. Finally, export shipments should be protected against damage, loss, pilferage and delay.

Key trade resource: FDX, MODED.

Factor in shipping costs, inspection fees, insurance, duties and taxes.

In the short term, of course you're focused on profits. But initial pricing should be directed at market entry with an eye to a long-term export commitment. Once you consider the unavoidable fees, duties, taxes and costs of shipping overseas, you should aim for a price that's high enough to generate a reasonable profit, but still competitive and attractive to buyers. And don't forget to factor in foreign exchange rates and specific foreign packaging requirements. An additional consideration warrants discussion in this step. As you shore up your pricing strategy, you may want to allow a realistic price margin for unforeseen costs – those unavoidable risks and simple mistakes that are common in any new undertaking.

Key trade resource: FDX, USCS.

Explore the pro forma invoice and price quotation. In some countries, pro forma invoices are required. What's a pro forma invoice? A properly drawn pro forma invoice will have all the information necessary for a buyer to go to a bank and apply for a letter of credit.

Essentially, a pro forma invoice is a document that takes the shape of an invoice, but it's simply used as a means of price quotation. You don't have to create a special document for a pro forma invoice. All you have to do is place the words "pro forma" on one of your company's regular invoices above the word "invoice" to comply with the regulation. Under the Missouri Trade Initiative, you'll have access to experts who will help you sort out the pro forma invoice and price quotation – as well as the overall concern of competitive pricing.

Key trade resource: FDX, MODED.

Finally you're ready to focus on the bottom line — how do you get paid?

Once you've tackled this step, you'll be in a better position to determine how you can structure your financing to reduce some of the risks associated with international payments. Plus you may find you've increased your competitive position.

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Weigh payment options and risk mitigation. Mitigating financial risk cannot be overlooked, and under the Missouri Trade Initiative, you'll have access to insurance options that provide a measure of security. Utilizing outside vendors, you can acquire insurance for export transactions that offers coverage against losses, non-payment, currency inconvertibility, asset expropriation and political violence.

When it comes to methods of payment, you'll find you have multiple options with varying degrees of payment risk. As you might imagine, the more secure the method of payment to you, the less attractive it is to the potential importer. You may run a risk of losing a sale if the method of payment is unattractive to a buyer, so the trade initiative team will help you explore options — including cash in advance, a letter of credit, documentary collections and an open account.

Key trade resource: Ex-Im, SBA, COM, MODED.

Assess banking options for transaction financing. Interestingly, the method of payment you select is important to your buyer and also to the bank that will finance your transactions. The ability to obtain financing, the level of financing, and the costs associated with it vary based on restrictions regarding parties to transactions, types of products exported, buyer creditworthiness, destination country involved, and more.

Key trade resource: Ex-Im, SBA, COM, MODED.

Investigate other financial services. Financing extends beyond payments and payment terms. Loans, loan guarantees, and credit and investment insurance are financing options you may consider as you develop your international expansion plan. And as you weigh all your decisions, from payment methods to financing choices, remember that currency prices are volatile and fluctuate constantly, so they will likely impact both your balance sheet and your income statement. Interest rates can also vary widely between countries depending on economic, political and business factors. All should be considered when you focus on your selection of financial services.

Key trade resource: Ex-Im, SBA, COM, MODED.

Congratulations — You have arrived! You have successfully expanded your business. Now what should you do to safeguard your success? Here are a few recommendations from your Missouri Trade Initiative team members:

Audit your suppliers. There are many tracking tools available to exporters today to help you audit your success and the performance of our suppliers/partners. From tracking the movement of your goods to auditing your export compliance. Look for areas of opportunities to improve your program and work with your suppliers to so that you receive quality driven service.

Financing solutions. Discover trade financing solutions and help turn your business opportunities into real transactions. Ascertain financing techniques that support the purchase of U.S. goods and services by creditworthy international buyers that can not obtain credit through traditional trade finance sources. By utilizing trade finance, exporters can increase their international sales and gain a competitive edge worldwide.

Key trade resource: Ex-Im.



As you plan to grow your business internationally, where can you turn for assistance?

With the Missouri Trade Initiative, you can count on one-on-one support as you make plans to expand into the global marketplace. This program offers an orchestrated, tailored approach for each business that participates.

Your project manager will assign key representatives to work with you — pooling the expertise of a dozen resources including government agencies and private-sector specialists. Here you'll see the lead contacts that will work with you.

Read what members of Missouri's Congressional Delegation say about global trade:

"Trade is essential to job creation and business growth in Missouri and across the nation. Our state is aggressively pursuing new import/export relationships and we are strengthening the transportation infrastructure to support export growth for manufactured goods, agricultural products and life science technologies."

Congressman Wm. Lacy Clay
Missouri, 1st District

"As a member of the House Small Business Committee, I appreciate that small and medium sized businesses are the backbone of our economy. I also understand the tremendous potential for such businesses to grow through international export."

The Missouri Trade Initiative is an exciting opportunity for small and medium sized businesses to better understand and to approach those valuable markets by availing themselves of the pooled of private-sector specialists and government agencies. I welcome the Missouri Trade Initiative to the second District and encourage business owners looking to grow through export to avail themselves of its expertise."

Congressman Todd Akin
Missouri, 2nd District
House Small Business Committee
Science, House Armed Services

"In the era of the global economy, it is critical for the U.S. to be engaged in the world both politically and economically. Missouri is an international leader in research and innovation because of the hard work of our institutions, businesses and entrepreneurs. Now, by taking advantage of the opportunities available in the international market for your goods and services, we can help advance our national strategic interests globally as well as create new jobs here at home."

Congressman Russ Carnahan
Missouri, 3rd District
House Foreign Affairs Committee

"Missouri's farmers, workers, and small businesses depend on an open and fair international market for the products and services they produce. The government should help expand those markets and provide businesses the tools they need to compete globally through programs such as this. Giving Missourians the capability to sell goods and services around the world leads to more and better jobs, and a higher standard of living for our state and its workers."

Congressman Roy Blunt
Missouri, 7th District

"Keeping our Missouri economy vibrant requires us to aggressively pursue foreign markets in order to maintain our worldwide edge in American manufacturing and agriculture. The Missouri Trade Initiative by the U.S. Department of Commerce offers us the great opportunity to expand trade opportunities abroad, to reach new international markets, and to grow U.S. businesses at home by helping them reach more customers outside our state and nation. The key stakeholders brought together in this effort will all contribute expertise and enthusiasm for our Missouri businesses, and I will look forward to seeing the positive results of their work in the Southern Missouri communities I represent."

Congresswoman Jo Ann Emerson
Missouri, 8th District

U.S. Commercial Service (USCS) — The USCS is the trade-promotion arm of the International Trade Administration within the U.S. Department of Commerce. It helps U.S. businesses grow international sales by providing counseling and advocacy through every step of the export process. The USCS has a network of export and industry specialists in more than 100 U.S. cities and 80 countries worldwide. Turn to the USCS for introductions to prospective buyers in key industry sectors; consultation and follow-up strategies for development of international business relationships; trade events that promote your products to qualified buyers; and assistance with travel, accommodations, interpreter and clerical support. For more information contact your local U.S. Export Assistance Center (USEAC). go to www.export.gov or www.buyusa.gov/stlouis.

Contact an International Trade Specialist for a free consultation.
314.425.3302

St.Louis.Office.Box@mail.doc.gov

Contact: Cory Simek
314.425.3308
cory.simek@mail.doc.gov

Export-Import Bank of the U.S. (Ex-Im Bank) — The official export credit agency of the U.S., Ex-Im Bank's mission is to assist in financing the export of U.S. goods and services to international markets. Ex-Im Bank enables U.S. companies to turn export opportunities into real sales that help maintain and create U.S. jobs and contribute to a stronger national economy. For more information, go to www.exim.gov.

Contact: Barry Bint
312.353.8071
Barry.Bint@exim.gov

Small Business Administration (SBA) — The mission of the SBA is to maintain and strengthen the nation's economy by aiding, counseling, assisting and protecting the interests of small businesses. The SBA also enhances the ability of small businesses to compete in the global marketplace, facilitating access to capital to support international trade as well as ensuring that the interests of small businesses are considered and reflected in trade negotiations. For more information, go to www.sba.gov/oit.

Contact: John Blum, Global Trade Solutions Manager
314.425.3304
john.blum@mail.doc.gov

Overseas Private Investment Corporation (OPIC) — An independent U.S. government agency, OPIC assists U.S. companies by providing financing (from large structured financing to small business loans), political risk insurance and investment funds. U.S. businesses with annual revenues of less than \$35 million are eligible to participate in OPIC's streamlined approval process for both financing and insurance. For more information, go to www.opic.gov.

Contact: Alison Germak
202.336.8651
alison.germak@opic.gov

Manufacturing Extension Partnership (MEP) — A nationwide network of resources, MEP is helping to transform manufacturers into successful global competitors. MEP services help manufacturers grow, in both domestic and international markets, and provide access to technology and best practices for improved productivity. For more information, go to www.mep.gov. Missouri: www.missourienterprise.org

Contact: Brad Armstrong, Vice President – Business Development
800.956.2682
barmstrong@missourienterprise.org

Commerce Bank, N.A. International Division (COM) — As one of the first banks in the Midwest to offer International banking services, Commerce Bank continues its leadership role today. Our technology, experience and international contacts provide the full-service found only in the most sophisticated global banks, but offered by a bank that understands your needs. Our staff of banking professionals is experienced in all international finance products and can provide the counsel, technology and services needed to conduct business around the world. Commerce Bank is one of the few banks in the Midwest to receive the Presidential "E" Star award for export service excellence in facilitating international trade.¹ The "E" Star is the nation's highest award to honor American exporters. Interested in Learning more?

Contact: Paul Toskin
314.746.7317
paul.toskin@commercebank.com

World Trade Center Saint Louis (WTC) — The mission of the World Trade Center Saint Louis is to facilitate international business growth and enhance global competitiveness throughout the greater Saint Louis region and other areas in Missouri and Southwest Illinois. To this end, World Trade Center Saint Louis provides international business contacts, foreign market research, regional events of international relevance, and instruction in international trade to the business community at large. The World Trade Center is a member-based service organization dedicated to providing the private sector with assistance in its efforts to capitalize on globalization. Award-winning services include international marketing research, business-to-business match-making, briefings and events. For more information, go to www.worldtradecenter-stl.com.

Contact: Tim Nowak, Executive Director
314.615.8141
tnowak@worldtradecenter-stl.com

Armstrong Teasdale, LLP (AT) — Armstrong Teasdale's International practice group focuses on assisting small, medium and large U.S. companies with a wide variety of multi-country transactions that range from the structuring, negotiation and documentation of contractual arrangements, through the shipping, distribution and registration of products in foreign jurisdictions, to the complexities involved in establishing foreign direct investments. We can help our clients with financial transactions (including FOREX planning), intellectual property protection, global human resources management, tax planning, dispute resolution and cross border insolvency issues. Another key focus is our International Trade practice which includes trade remedy actions before the Court of International Trade, foreign and domestic customs regulations, export controls and trade compliance. The Firm is a charter member of Lex Mundi, the world's largest network of independent law firms which, for over 20 years, has allowed us to provide clients with virtually seamless service from the U.S. to over 160 jurisdictions throughout the country and the world. www.armstrongteasdale.com.

Contact: Thomas Bottini
314.342-8054
tbottini@armstrongteasdale.com

Missouri Department of Economic Development (MODED) — The International Trade and Investment Group (ITI), in the Business and Community Services Division of the Missouri Department of Economic Development, assists with the international business objectives of Missouri Companies. Our mission is to increase the number of Missouri companies exporting and increase the volume of Missouri exports. The State of Missouri has overseas offices in China, Japan, Korea, Mexico, Taiwan and the United Kingdom. Experienced multilingual staff offer quality export assistance to enable competitive success in the global market. Missouri's international professionals work to locate ideal business partners, assist with basic questions about getting started to specific concerns about a particular market or industry prospect utilizing extensive knowledge of trade policies and market circumstances. With Missouri Partnership, taking the lead, ITI is a point of service for foreign investors seeking a location in the State of Missouri. For more information, visit www.missouridevelopment.org.

Contact: Terry Maglich, Manager
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terry.maglich@ded.mo.gov



Stone & Associates, Inc. —An independent research and consulting firm, Stone & Associates provides tailored business intelligence and research about markets, competitors and the cost impact of strategic decisions. For more information, go to www.stone-assoc.com.

Contact: Mike Stone
207.985.0136
michael@stone-assoc.com

FedEx (FDX) — For help with the complexities of global shipping, you can count on our extensive experience for reliable and efficient end-to-end solutions. Whether you're shipping documents or palletized freight, FedEx can connect you to more than 220 countries and territories, making international shipping easy. With FedEx® Global Trade Manager, you have access to timesaving tools like the document preparation service offered through the International Resource Center. For more information, go to fedex.com/international.

With FedEx Trade Networks, you have specialists in customs clearance, tariff and/or duty minimization and export documentation; global ocean and air cargo distribution and multimodal distribution. You also have a dependable source for trade and customs advisory services and online trade-management tools. For more information, go to ftn.fedex.com.

Contact: Andrew Moehlenpah
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What should you know about how U.S. Trade Agreements benefit American Businesses?

The World Trade Organization (WTO) keeps markets open and sets the rules of trade around the world. The WTO is the global international organization with over 150 country-Members that 1) provides a forum for multilateral trade negotiations to reduce barriers to trade around the world, 2) develops trade rules, and 3) offers dispute resolution procedures for WTO Members to address their trade disagreements. The WTO began in January 1995, but its trading system is over half a century old. Since 1948, the General Agreement on Tariffs and Trade (GATT) had provided the rules for the system. The market access commitments, trade rules, and dispute resolution procedures in the WTO set the rules of the game that allow your company to compete and succeed in selling your goods and services in a global economy.

As the Office of the U.S. Trade Representative notes: Working through the World Trade Organization (WTO), the U.S. is a world leader in securing the reduction of trade barriers in order to expand global economic opportunity, to raise standards of living, and to reduce poverty. The WTO Agreements also provide the foundation for high-standard U.S. bilateral and regional agreements that contribute to a dynamic and open global trading system based on the rule of law.¹

The U.S. continues to negotiate with other WTO Members to secure a balanced and ambitious final agreement to the ongoing Doha Round multilateral negotiations. A successful conclusion to the Round that opens markets and generates new trade flows would bring significant benefits to U.S. businesses, farmers, and workers.

Free Trade Agreements: In addition to negotiating multilateral trade agreements in the WTO, countries often negotiate regional or bilateral Free Trade Agreements that open markets, protect investments, protect intellectual property, provide dispute resolution procedures, and confer many benefits to the economic interests of both countries. Free Trade Agreements that the U.S. has in force with other countries can help your company enter and compete more easily in those markets. Trade agreements also level the international playing field and encourage foreign governments to adopt open and transparent rulemaking procedures, as well as nondiscriminatory laws and regulations.

U.S. FTAs benefit U.S. exporters

The U.S. has negotiated Free Trade Agreements with 20 countries – 17 of these are in force today benefiting U.S. businesses and investments, and 3 still need a vote from Congress before American businesses and workers will benefit from the market openings U.S. negotiators achieved. All of the U.S. Free Trade Agreements provide significant opportunities for U.S. companies to grow their business by reaching these foreign markets and selling to their consumers. As summarized by the Department of Commerce:

Trade agreements help open markets and expand opportunities for American workers and businesses and can help your company enter and compete more easily in the global marketplace. Trade agreements are also a tool for promoting fair competition and encouraging foreign governments to adopt open and transparent rulemaking procedures as well as non-discriminatory laws and regulations. Trade agreements can strengthen the business climate by including commitments on issues of concern along with the reduction and elimination of tariffs. Trade agreements may include commitments on topics such as:

- Improving intellectual property right protection
- Enhancing labor rights
- Government procurement
- Opening service sectors to competition
- Enhancing rules on foreign investment
- Environmental standards
- Improving customs facilitation²

What's in it for U.S. Companies?

- Levels the playing field for U.S. companies who will enjoy tariff free access into markets once the Agreements take full effect.
- Provides new market access for U.S. consumer and industrial products such as textiles and agricultural products.
- Provides unprecedented access to government procurement.
- Liberalizes the services sectors to provide new business opportunities.
- Opens the markets to remanufactured goods.
- Protects U.S. investments in the region.
- Strengthens protections for U.S. patents, trademarks, and trade secrets.
- Improves customs and trade facilitation.
- Provides benefits to small and medium sized exporters.
- Addresses government transparency and corruption, worker rights, protection of the environment, trade capacity building and dispute settlement.
- Requires important reforms of the domestic legal and business environment that are key to encouraging business development and investment.

Information regarding each of the Free Trade Agreements the U.S. has negotiated, as summarized by the Office of the U.S. Trade Representative and the International Trade Administration at the Department of Commerce, continues below. (for more information go to www.ustr.gov and www.export.gov)

¹ See <http://www.ustr.gov/trade-agreements/wto-multilateral-affairs/-world-trade-organization>

² See <http://www.export.gov/FTA/index.asp>



U.S. FREE TRADE AGREEMENTS SIGNED BY THE U.S. AWAITING THE REQUIRED VOTE FROM CONGRESS BEFORE GOING INTO EFFECT

• **South Korea Free Trade Agreement** – The U.S. and the Republic of Korea signed the United States-Korea Free Trade Agreement (KORUS FTA) on June 30, 2007. Once approved by Congress, the Agreement would be the United States' most commercially significant free trade agreement in more than 16 years. The U.S. International Trade Commission estimates that the reduction of Korean tariffs and tariff-rate quotas on goods alone would add \$10 billion to \$12 billion to annual U.S. Gross Domestic Product and around \$10 billion to annual merchandise exports to Korea.

Why South Korea? Under the FTA, nearly 95 percent of bilateral trade in consumer and industrial products would become duty free within three years of the date the FTA enters into force, and most remaining tariffs would be eliminated within 10 years. For agricultural products, the FTA would immediately eliminate or phase out tariffs and quotas on a broad range of products, with almost two-thirds (by value) of Korea's agriculture imports from the United States becoming duty free upon entry into force. For services, the FTA would provide meaningful market access commitments that extend across virtually all major service sectors,

including greater and more secure access for international delivery services and the opening up of the Korean market for foreign legal consulting services. The KORUS FTA would also provide U.S. suppliers with greater access to the Korean government procurement market. In addition to strengthening our economic partnership, the KORUS FTA would help to solidify the two countries' long-standing geostrategic alliance.

• **Colombia Trade Promotion Agreement** – The U.S.-Colombia Trade Promotion Agreement, sometimes also called the Colombia Free Trade Agreement, was signed on November 22, 2006. Colombia's Congress approved the agreement and a protocol of amendment in 2007. When the Colombia FTA enters into force, Colombia will immediately eliminate most of its tariffs on U.S. exports, with all remaining tariffs phased out over defined time periods. The Colombia FTA also includes important disciplines relating to customs administration and trade facilitation, technical barriers to trade, government procurement, investment, telecommunications, electronic commerce, intellectual property rights, and labor and environmental protection. U.S. firms will have better access to Colombia's services sector than other WTO Members have under the General Agreement on Tariffs and Trade. All service sectors are covered under the Colombia FTA except where Colombia has made specific exceptions.

Why Colombia? Passage and implementation of the Colombia agreement will level the playing field for American business, farmers, ranchers and workers. America's market is already open to imports from Colombia. In 2007, for example, over 90 percent of U.S. imports from Colombia entered the U.S. duty-free under our most-favored nation tariff rates and various preference programs, such as the Andean Trade Preference Act (ATPA) and the Generalized System of Preferences (GSP). The U.S. - Colombia Free Trade Agreement will give American businesses, farmers, ranchers and workers similar access to this important market. Upon entry into force of the agreement, over 80 percent of U.S. exports of consumer and industrial goods to Colombia will enter duty-free immediately. The agreement also will provide substantial new opportunities for U.S. farmers' and ranchers' agricultural exports, and resolve sanitary and phytosanitary barriers to agricultural trade with Colombia. In addition, the agreement will remove barriers to U.S. services, provide a secure and predictable legal framework for investors, and strengthen protection for intellectual property, workers and the environment.³

• **Panama Trade Promotion Agreement** – The U.S. and Panama signed a Trade Promotion Agreement, sometimes called the Panama Free Trade Agreement, on June 28, 2007. Panama approved the agreement on July 11, 2007. The Panama FTA is a comprehensive free trade agreement that once in effect will create significant market liberalization of trade in goods and services, including financial services. It also includes important disciplines relating to customs administration and trade facilitation, technical barriers to trade, government procurement, investment, telecommunications, electronic commerce, intellectual property rights, and labor and environmental protection. U.S. firms will have better access to Panama's services sector than it provides to other WTO Members under the General Agreement on Tariffs in Services. All services sectors are covered under the agreement except where Panama has made specific exceptions. Moreover, Panama agreed to become a full participant in the WTO Information Technology Agreement.⁴

Why Panama? Panama is already a strong U.S. trading partner and has the potential to be an even greater place to do business. Trade with Panama offers expanded economic opportunities for U.S. manufacturers, workers, and farmers. Panama's predominantly service-based economy is a growing market for U.S. products and services. The agreement will provide expanded access to Panama's entire services market, including financial services. The \$5.25 billion expansion plan for the Panama Canal offers many new economic opportunities for U.S. providers of goods and services.⁵

U.S. FREE TRADE AGREEMENTS BENEFITING AMERICAN BUSINESSES AND WORKERS TODAY

• **Israel Free Trade Agreement** – The Israel FTA was signed in 1985 and the U.S. and Israel agreed to implement phased tariff reductions culminating in the complete elimination of duties on all products by January 1, 1995. Most tariffs between the U.S. and Israel have been eliminated as agreed. The agreement provides U.S. food and agricultural products access to the Israeli market under one of three different categories: unlimited duty free access, duty free tariff-rate quotas (TRQs), or preferential tariffs, which are set at least 10 percent below Israel's Most Favored Nation (MFN) rates. The agreement also provided for annual increases in the in-quota quantity under the TRQs.⁶

• **North American Free Trade Agreement (NAFTA)** – On January 1, 1994, the North American Free Trade Agreement between the U.S., Canada, and Mexico (NAFTA) entered into force. All remaining duties and quantitative restrictions were eliminated, as scheduled, on January 1, 2008. NAFTA is the largest free trade area in the world and connects 444 million consumers who produce \$17 trillion of goods and services. By increasing trade with our neighbors, NAFTA has benefits businesses, workers, and the economies of all three countries. Canada and Mexico were the top two purchasers of U.S. exports in 2008. U.S. goods exports to NAFTA in 2008 were \$412.4 billion, up 7.2% (\$27.6 billion) from 2007...and up 190% from 1993 (the year prior to NAFTA). U.S. exports to NAFTA accounted for 32.0% of overall U.S. exports in 2008.⁷

• **Jordan Free Trade Agreement** – Under the Jordan FTA that entered into force on December 17, 2001, the U.S. and Jordan agreed to phased tariff reductions culminating in the complete elimination of duties on nearly all products by 2010. The FTA also includes provisions addressing trade and environment, trade and labor, and electronic commerce. Other provisions address intellectual property rights protection, balance of payments, rules of origin, safeguards and other procedural matters that can impact trade between the two countries.⁸

• **Singapore Free Trade Agreement** – The Singapore FTA entered into force on January 1, 2004. Since 2004, exports from the U.S. through 2008 increased 73 percent, with steady growth in exports of medical devices, machinery, and construction equipment. Two-way trade has surged 34 percent since the FTA came into force and Singapore is now the U.S.' ninth largest export market, moving up from eleventh place in 2003. Singapore is the U.S.' 15th largest trading partner. Singapore guarantees zero tariffs on all U.S. goods and the FTA ensures that Singapore cannot increase its duties on any U.S. product. In services, the agreement provides the broadest possible trade liberalization. Under the agreement, Singapore will treat U.S. services suppliers as well as it does its own suppliers.⁹

³ See http://www.ustr.gov/webfm_send/1027; see also http://export.gov/FTA/colombia/eg_main_017621.asp

⁴ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/panama-tpa>

⁵ See <http://export.gov/FTA/panama/index.asp>

⁶ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/israel-fta>; see also <http://www.export.gov/FTA/israel/index.asp>

⁷ For more information about the Myths vs the Facts about NAFTA see http://www.ustr.gov/sites/default/files/uploads/factsheets/2008/asset_upload_file71_14540.pdf

⁸ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/jordan-fta>; see also <http://www.export.gov/FTA/jordan/index.asp>

⁹ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/singapore-fta>; <http://www.export.gov/FTA/singapore/index.asp>

• **Chile Free Trade Agreement** – The U.S.-Chile Free Trade Agreement (FTA) entered into force on January 1, 2004. Under the FTA, the Parties eliminated tariffs on 87 percent of bilateral trade immediately and will establish duty free trade in all products within a maximum of 12 years. Chile has one of the most open trade regimes in the world. The uniform applied tariff rate for virtually all goods is 6 percent. The FTA has proven to be a valuable tool for dramatically increasing trade between the U.S. and Chile. In 2006, U.S.-Chile trade was two and half times greater than trade in 2003, before the FTA took effect.¹⁰

• **Australia Free Trade Agreement** – The U.S.-Australia FTA entered into force on January 1, 2005. Under the FTA, trade in goods and services as well as foreign direct investment have continued to expand. Under the FTA, more than 99 percent of U.S. exports of manufactured goods are now duty-free. The FTA will also eliminate tariffs within 10 years of entry into force on textiles.¹¹

TRANS-PACIFIC PARTNERSHIP FREE TRADE AGREEMENT NEGOTIATIONS

The Office of the United States Trade Representative recently announced: On December 14, 2009, United States Trade Representative Ron Kirk notified Congress that President Obama intends to enter into negotiations of a regional, Asia-Pacific trade agreement, known as the Trans-Pacific Partnership (TPP) Agreement with the objective of shaping a high-standard, broad-based regional pact...such an agreement would help to expand American exports, saving and creating good jobs here at home. The first round of negotiations has already been announced by the current Trans-Pacific Partnership members for March 2010.¹²

• **Morocco Free Trade Agreement** – The Morocco FTA entered into force on January 1, 2006, eliminating duties on more than 95 percent of all goods and services. In addition to key U.S. export sectors gaining immediate duty-free access to the Moroccan market, the Agreement includes commitments by Morocco for increased regulatory transparency and the protection of intellectual property rights. Remaining tariffs for most remaining qualifying goods will be eliminated over a nine-year period from the date the Agreement entered into force. For a limited number of products, tariffs will be eliminated over a period of up to 15 years. At the time of entry into force, U.S. exports to Morocco were subject to an average tariff of over 20 percent.¹³

• **Bahrain Free Trade Agreement** – The Bahrain FTA entered into force in August 2006, at which time 100 percent of bilateral trade in consumer and industrial products became duty free. Bahrain will phase out tariffs on the remaining handful of agricultural product lines by 2015. Textiles and apparel trade is duty free, promoting new opportunities for U.S. and Bahraini fiber, yarn, fabric and apparel manufacturing. Bahrain made broad commitments to open its services market wider than has any previous FTA partner, creating important new opportunities for U.S. financial service providers and companies that offer telecommunications, audiovisual, express delivery, distribution, healthcare, architecture and engineering services.¹⁴

• **Dominican Republic-Central America Trade Agreement (CAFTA-DR)** – On August 5, 2004, the U.S. signed the FTA with five Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) and the Dominican Republic. The U.S. has implemented the CAFTA-DR on a rolling basis as countries make sufficient progress to complete their commitments under the Agreement. The Agreement first entered into force between the U.S. and El Salvador on March 1, 2006, followed by Honduras and Nicaragua on April 1, 2006, Guatemala on July 1, 2006, and the Dominican Republic on March 1, 2007. The Agreement entered into force between the U.S. and Costa Rica on January 1, 2009. The Multi-Country Agreement is now fully in force.

The CAFTA-DR is the first free trade agreement between the U.S. and a group of smaller developing economies. This agreement is creating new economic opportunities by eliminating tariffs, opening markets, reducing barriers to services, promoting transparency, and establishing state-of-the-art rules for 21st century commerce. It is facilitating trade and investment among the Parties and furthering regional integration. Central America and the Dominican Republic represent the third largest U.S. export market in Latin America, behind Mexico and Brazil. U.S. exports to the CAFTA-DR countries were valued at \$26.3 billion in 2008. Combined total two-way trade in 2008 between the U.S. and Central America and the Dominican Republic was \$45.6 billion.¹⁵

• **Oman Free Trade Agreement** – Upon entry into force of the U.S.-Oman Free Trade Agreement (FTA) on January 1, 2009, Oman provided immediate duty-free access on virtually all industrial and consumer products in its tariff schedule, and will phase out tariffs on the remaining handful of products within 10 years. On agricultural products, Oman provided immediate duty-free access for U.S. agricultural products in 87 percent of agricultural tariff lines. Oman will phase out tariffs on the remaining products within 10 years. Bilateral trade in goods between the U.S. and Oman in 2007 was over \$2 billion, with each country accounting for just over \$1 billion. The Free Trade Agreement with Oman is expected to create new exporting opportunities for U.S. businesses while at the same time promoting economic growth and democracy in the Middle East. Oman is the fifth country in the region to have successfully negotiated a bilateral free trade agreement with the U.S.¹⁶

• **Peru Trade Promotion Agreement** – The Peru agreement, also often called the Peru FTA, entered into force on February 1, 2009. The Peru FTA will result in significant liberalization of trade in goods and services between the U.S. and Peru by immediately eliminating most of Peru's tariffs on U.S. exports, with all remaining tariffs phased out over defined time periods. The agreement also includes important disciplines relating to: customs administration and trade facilitation, technical barriers to trade, government procurement, services, investment, telecommunications, electronic commerce, intellectual property rights, and labor and environmental protection.¹⁷

¹⁰ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/chile-fta>; see also <http://www.export.gov/FTA/chile/index.asp>

¹¹ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/australian-fta>; see also <http://www.export.gov/FTA/australia/index.asp>

¹² See <http://www.ustr.gov/tpp> The negotiations are scheduled to begin with New Zealand, Singapore, Chile, Brunei, Australia, Peru, and Vietnam in March 2010.

¹³ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/morocco-fta>; see also <http://www.export.gov/FTA/morocco/index.asp>

¹⁴ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/bahrain-fta>; see also <http://www.export.gov/FTA/bahrain/index.asp>

¹⁵ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta>; see also <http://www.export.gov/FTA/cafta-dr/index.asp>

¹⁶ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/oman-fta>; see also <http://www.export.gov/FTA/oman/index.asp>

¹⁷ See <http://www.ustr.gov/trade-agreements/free-trade-agreements/peru-fta>; see also <http://www.export.gov/FTA/peru/index.asp>

